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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Procurement and contract management for peacekeeping operations

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the reports of the Secretary-General on procurement and contract management for peacekeeping operations (A/58/761 and A/59/688). During its consideration of the reports, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General (A/58/761) was submitted pursuant to paragraph 22 of General Assembly resolution 57/290 B, by which the Assembly had requested the Secretary-General to submit a comprehensive report on procurement and contract management for peacekeeping operations, taking into account the observations made by the Board of Auditors in its report on the United Nations peacekeeping operations for the period ended 30 June 2002[1] and the recommendations of the Advisory Committee (A/57/772, paras. 116-122). The Secretary-General's subsequent report (A/59/688) provides an update, covering developments in the 10 months since the initial submission, in view of the fact that the report was not considered at the resumed fifty-eighth session as initially envisaged by the General Assembly.

3. The Advisory Committee recognizes that progress has been achieved in the last few years in the area of procurement and contract management at Headquarters, and in the field, as acknowledged in recent reports by the Board of Auditors, the Advisory Committee and the Office of Internal Oversight Services. However, as shown in the latest report of the Board of Auditors[2] and in the budgets of individual peacekeeping operations under consideration by the Advisory Committee, persistent problems remain in the area of field procurement.

4. Given these continuing problems, the Advisory Committee regrets that the two reports of the Secretary-General (A/58/761 and A/59/688) are general, and do not

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fully address the findings of the Board or other oversight bodies, including the specific measures taken to correct deficiencies, or the problems encountered by management in implementing related recommendations. In this connection, the Advisory Committee recalls that, in considering the Secretary-General's report on procurement reform (A/59/216), it welcomed the format used in the report, which addressed in each section the various requests made by the General Assembly in its resolution 57/279, and summarized the related reform activities undertaken and the progress made since the adoption of the resolution (see A/59/540, para. 2). **The Advisory Committee recommends that future reports should be more specific and fully reflect and build upon the findings and recommendations of the oversight bodies, clearly indicating measures taken to implement them and constraints hampering their full implementation, with statements supported by specific examples and empirical data. Moreover, the Advisory Committee recommends that this be done in the context of the further development of a culture of accountability within the Organization, as recommended by the Advisory Committee in its report (A/59/400, paras. 10 and 11).**

5. **The Advisory Committee is of the opinion that these reports, in the absence of the issuance of the ethical guidelines for staff involved in procurement, are to be considered of an interim nature.** The Advisory Committee recalls that work in this area was initiated on the request of the General Assembly, in paragraph 28 of its resolution 52/226. Since then, the Board of Auditors has recommended that the Administration expedite the promulgation of a code of ethics and the signature of a declaration of independence by all staff associated with the procurement cycle,[3] and has requested in its latest report[4] that the Secretariat establish a time frame for the finalization of the promulgation and implementation of the guidelines.

6. The Secretary-General, in paragraph 2 of his report (A/59/688), indicates that draft guidelines were shared with other organizations of the United Nations system at the meeting of the United Nations Inter-Agency Procurement Working Group held in May 2004. The Advisory Committee was further informed that the Procurement Service was working with the General Legal Division of the Office of Legal Affairs and the Office of Human Resources Management to finalize the ethical guidelines as well as a "declaration of ethical responsibilities", which specifically addresses the issue of confidentiality and conflict of interest. This declaration will be promulgated in the form of a Secretary-General's bulletin and is to be signed by all staff engaged in procurement activities.

7. **While the Advisory Committee recognizes the need for consultations and internal considerations, it is of the opinion that this protracted process, which has taken so many years since the request made by the General Assembly at its fifty-second session, is unacceptable. The Advisory Committee urges the Secretary-General to finalize, promulgate and implement expeditiously the guidelines on ethical principles as well as the declaration of independence and to report on the results to the General Assembly at its resumed fifty-ninth session in May 2005.**

8. The Advisory Committee also notes that a code of conduct for vendors, containing ethical principles, has been drafted. As indicated in the Secretary-General's report (A/59/688, para. 2), the code of conduct addresses "the issue of corporate social responsibility, environmental and sustainable procurement and

corruption". It will be communicated to all suppliers doing business with the Organization, although it will not be mandatory or of a contractual nature. In addition, the United Nations General Conditions of Contract, the document that is part of all contracts with the Organization and requires strict compliance by suppliers, is being revised through an inter-agency working group coordinated by the Office of Legal Affairs. **The Advisory Committee recommends expeditious finalization and promulgation of the code of conduct for suppliers and the revised General Conditions. The Secretary-General should report on this matter no later than the main part of the sixtieth session of the General Assembly.**

9. With regard to the issue of improved procurement and contract management of peacekeeping missions, the Secretary-General reports the development of a system-wide procurement training and certification programme due to begin by the end of 2005, which will facilitate the mobility of procurement experts within the United Nations system, including peacekeeping missions. The second round of advanced field procurement training to upgrade the skills of 150 procurement staff in the field is to take place in the first half of 2005, in addition to the 300 staff trained in 2004 (see A/59/688, para. 4). **The Advisory Committee commends the efforts to improve the professionalism of procurement officers in peacekeeping missions. In this connection, it reiterates the importance of cost-effective approaches, such as "train-the-trainers" programmes, by which large numbers of junior personnel can be trained in a more efficient way, as well as the need to continue to monitor and evaluate training needs, as indicated in its report on procurement reform (A/59/540, para. 9). The Advisory Committee expects that the training programme should not only result in improvement of management efficiency and greater coordination but also facilitate acceptance of increased responsibility by trained staff. The Secretary-General should reflect progress in this area in future reports.**

10. The Advisory Committee notes that procurement staff were released to set up and strengthen procurement activities in newly established missions such as the United Nations Mission in Liberia, the United Nations Operation in Burundi, the United Nations Stabilization Mission in Haiti and the United Nations Mission in Côte d'Ivoire (A/59/688, para. 3). The Advisory Committee was informed that consideration was being given to creating a roving team of experienced procurement officers to assist in the start-up of missions. **Information on the follow-up to this initiative should be included in the next procurement report.**

11. In addition to this, the Advisory Committee recalls that management review visits to field missions are conducted by the Procurement Service and that resources for this purpose are included in the peacekeeping support account for the 2004/05 budget period (A/58/760, para. 83). The Advisory Committee has pointed to the need to follow up on management reviews in order to ensure that the findings do not become irrelevant after a period of time or as missions face new challenges, and it has recommended that the Board of Auditors follow up on the issue of periodic and timely management reviews (A/58/759, para. 33).

12. The Board of Auditors has pointed out, however, that it was unable to follow up and assess the extent of these management reviews, as a result of the lack of a central point where relevant information could be obtained in that regard.[5] The Advisory Committee was informed that there is no formal assessment of the results

of these visits, but that the Procurement Service gets positive feedback from this initiative as problems get resolved. The Advisory Committee notes that, in the report of the Secretary-General (A/59/704, para. 30) on the implementation of the recommendations of the Board of Auditors,[2] the Department of Peacekeeping Operations clarified that management assessments of peacekeeping missions are centrally planned, coordinated and monitored by the Military Division, and that the Office of Mission Support centrally plans and coordinates biannual reviews of all missions to assess the status of support provided. **The Advisory Committee reiterates its recommendation on the need to follow up (A/58/759, para. 33) and stresses the need to properly plan, coordinate and monitor centrally all reviews and periodic management assessments, so that the usefulness and effectiveness of these visits can be determined.**

13. As indicated in the report of the Secretary-General (A/59/688, para. 6), the Department of Peacekeeping Operations will launch an initiative in April 2005 in the United Nations Organization Mission in the Democratic Republic of the Congo to develop a field quality assurance programme to ensure that the level of services contracted for is actually delivered. If the trial is successful, the programme will then be implemented in a phased manner throughout other missions. Information about the programme, provided upon enquiry, is set out in the annex to the present report. **Further information and evaluation of this initiative should be included in the next procurement report.**

14. In paragraphs 259 and 260 of its report,[2] the Board of Auditors refers to the need for peacekeeping missions to submit procurement plans in a timely manner, in order to expedite the compilation of an overall procurement plan. The Secretariat, recognizing the validity of this observation, indicated to the Advisory Committee that significant progress had recently been achieved in this regard, shortening delays to some two to three weeks with the exception of two newly established missions which were unable to submit their plans on time. The Secretariat also indicated that it expected the shift to the financial peacekeeping calendar year to further contribute to a more timely preparation of procurement plans. **The Advisory Committee, however, underlines the importance of revisiting procurement plans on a quarterly basis to ensure that they are updated with regard to the operational requirements of a mission, and the need to enforce the use of procurement plans as tools to facilitate effective and efficient procurement management, as recommended by the Board of Auditors.**[6]

15. The Board of Auditors also indicates in its report that, while procurement lead times at Headquarters have improved from an average of six months in 2002/03 to an average of three months in 2004/05, they still range from six to eight months in some missions.[7] The Advisory Committee notes from the Secretary-General's report (A/59/688, paras. 7 and 8) that a mechanism has been introduced to enable the Procurement Service to electronically monitor and confirm orders that peacekeeping missions place with vendors, and that a common procurement management system is being developed to facilitate exchange of data between Headquarters and peacekeeping missions on a real time basis, which should provide for increased efficiencies and oversight. The Procurement Service is also developing model leases and contract templates with the General Legal Division of the Office of Legal Affairs to facilitate the work of procurement officials, particularly in newly established missions. **The Advisory Committee welcomes these developments and recommends that, instead of across-the-board averages, benchmarks for**

lead times be established by clusters of commodities or services in order to provide realistic data and to better illustrate achievements in this regard.

16. In this connection, the Advisory Committee notes that the funding mechanism of the United Nations Global Marketplace (see para. 17 below) is to be revised in future. The Advisory Committee was informed that previous funding from the United Nations Development Programme would not be forthcoming anymore and that a financial arrangement would have to be established in order to maintain the database and for upgrades. In the meantime, it is the intention of the Secretariat to include resources for this purpose under the support account proposals. The Advisory Committee will revert to this issue when it considers the Secretary-General's proposal for the support account.

17. The Advisory Committee notes that the Board of Auditors reiterates its recommendation regarding the need for the Administration to ensure that vendor performance reports are submitted in a timely manner.[8] Information on vendor performance reporting is included in section V of both reports of the Secretary-General (A/58/761 and A/59/688), which describe the work of the Procurement Service with other organizations within the system to enhance the functionality of the United Nations Global Marketplace. The Advisory Committee, in its report (A/59/540, para. 6), referred to the launching in February 2004 of the United Nations Global Marketplace, a single entry-point, Internet-based vendor registration system in which all entities of the United Nations system will participate. The system is expected to be rolled out to field missions in May 2005. The Advisory Committee notes that the system will not only improve the efficiency of vendor management through standardized registration, but will include a vendor performance rating system as well, thus allowing information on the performance of the vendors to be shared among users at United Nations organizations.

18. The Advisory Committee notes the measures taken to improve compliance and facilitate vendor performance monitoring and reporting, as mentioned in paragraph 10 of the Secretary-General's report (A/59/688). **The Advisory Committee encourages the efforts by the Department of Peacekeeping Operations and the Department of Management to review and streamline the process of reporting. The Advisory Committee looks forward to progress in this area.**

19. The Advisory Committee referred in detail to the question of delegation of authority in paragraphs 10 and 11 of its report on the procurement reform (A/59/540). The Advisory Committee notes that the Secretary-General indicates in his report (A/59/688, para. 5) that the revised delegation of authority is being finalized and will be issued by the end of the first quarter of 2005. **Information in this regard should therefore be provided to the General Assembly at its resumed fifty-ninth session.**

20. **The Advisory Committee expects that the comments, observations and recommendations made in the context of its report on the procurement reform (A/59/540) will also be taken into account; it reiterates its request that information regarding the accountability factor be provided in the next report on procurement.**

Notes

[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II, chap. II.

[2] Ibid., *Fifty-ninth Session, Supplement No. 5* (A/59/5), vol. II, chap. II.

[3] Ibid., *Fifty-seventh Session, Supplement No. 5* (A/57/5), vol. II, chap. II, para. 119 and ibid., *Fifty-eighth Session, Supplement No. 5* (A/58/5), vol. II, chap. II, para. 161.

[4] Ibid., *Fifty-ninth Session, Supplement No. 5* (A/59/5), vol. II, chap. II, para. 251.

[5] Ibid., para. 282.

[6] Ibid., paras. 263 and 265.

[7] Ibid., para. 273.

[8] Ibid., para. 277.

Annex

Briefing note on quality assurance initiative

Overview

1. There are two terms used in connection with quality management: quality control and quality assurance. Quality control is an internal process that the service provider uses to monitor and control the quality of its service. Quality assurance ensures that the client receives the desired level of contracted services. Quality assurance includes all actions taken to confirm that standards and procedures are adhered to and delivered products or services meet stipulated performance requirements. A quality assurance programme is executed through the application of a deliberate set of activities designed to check whether a product or service conforms to established technical requirements.

2. The United Nations ensures that it receives value for money during the acquisition of goods by conducting a receipt and inspection of acquired goods. The goods are checked to ensure they match what is ordered in terms of specific details, quantity, condition and quality. Quality assurance performs a similar function for services, by the application of a systematic process of auditing, monitoring and testing that identifies problem areas in a timely fashion, documents discrepancies in performance, and generally reviews the delivery of a service. For example, major food and fuel service in new and recently established peacekeeping missions are monitored by performance indicators such as timeliness and degree of compliance.

Quality assurance in the Department of Peacekeeping Operations

3. Peacekeeping missions require an extensive logistics framework to satisfy the operational needs of establishing and sustaining a peace support operation. The Department of Peacekeeping Operations, in accomplishing its support role, uses a combination of Member State, commercial and United Nations resources. The use of complex commercial service contracts is a growing part of this framework and requires deliberate management oversight and effective monitoring tools to ensure that the service provider meets the Organization's quality and performance standards. Quality assurance programmes are being systematically implemented and refined within missions to ensure timely vendor performance monitoring, in accordance with internationally accepted standards, for each major service contract.

4. The United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) was selected as the mission to establish a full quality assurance programme for a period of 12 months, due to the complexity and the high value of its major contracts, namely fuel ($128 million), rations ($106 million) and airfield services ($48 million). The Procurement Service of the Department of Management, on behalf of the Department of Peacekeeping Operations, issued a request for proposal to a number of international qualified vendors. Proposals have been received and the technical and cost evaluations are ongoing. The intended programme, when implemented early in 2005, will incorporate the development of global management tools and implementing procedures, global benchmarking criteria, mission-specific contract performance indicators and the training of United Nations civilian personnel and, as necessary, military staff. To maximize the benefits of the MONUC quality assurance programme, other missions will be sending representatives to MONUC to attend the training.

5. Quality assurance within the Department of Peacekeeping Operations is an evolving technology that will enhance existing management oversight and provide a further tool for the evaluation of a contractor's performance.